



## **Consultation on the Ofcom Annual Plan 2012/13**

### **About Arqiva**

Arqiva is a telecoms and media infrastructure and technology company operating at the heart of the broadcast and mobile communications industry and at the forefront of network solutions and services in an increasingly digital world. Arqiva provides much of the infrastructure behind television, radio and wireless communications in the UK and has a growing presence in Ireland, mainland Europe and the USA.

The company supports cellular, wireless broadband, video, voice and data solutions for public and private sector customers.

Arqiva operates around 9,000 shared radio sites throughout the UK and Ireland including masts, towers and rooftops from under 30 to over 300 metres tall as well as nine international satellite teleports.

Arqiva's major customers include the BBC, ITV, Channel 4, Five, BSkyB, Classic FM, the four UK mobile operators, Metropolitan Police, Airwave and the RNLI.

Arqiva is owned by a consortium of long-term investors and has its headquarters in Hampshire, with other major UK offices in Warwick, London, Buckinghamshire and Yorkshire.

## Introduction

Arqiva welcomes the opportunity to respond to Ofcom's draft annual plan for 2012/13. As it has done in previous years Ofcom has laid out a wide ranging programme of work and in general we are supportive of what Ofcom wishes to achieve over the course of the coming year. There are a number of specific areas that we wish to comment on:

- Spectrum;
- Administered Incentive Pricing; and
- Public Policy.

## Spectrum

Spectrum is a critical asset for many organisations, not just those in the Telecoms and Broadcasting industries. As such we agree with the importance that Ofcom has placed on it with a number of activities directed towards spectrum release.

We are pleased to see that Ofcom is planning to develop a forward looking spectrum policy work programme. As the 4G auction and the associated clearance programmes reach their conclusion over the course of the year it will be important to give industry clarity over what Ofcom is planning to do next. We note the example given of the work looking at the future of UHF spectrum bands IV and V. Given the ongoing discussions at the World Radio Conference it is clearly a critical piece of work that is likely to become increasingly urgent. This is an area where any decisions will have widespread consequences and so the impact on consumers will need to be carefully considered. We look forward to taking part in that work.

Ofcom propose to look at the future of the UHF bands IV and V within a general "future-looking spectrum policy work programme" which is itself only one of Ofcom's "Other Work areas" (as opposed to a priority area). Ofcom should consider if the work on the future of UHF spectrum bands IV and V should move to become a stand alone priority project given:

- the importance of the future of UHF spectrum bands IV and V to the future of DTT in the UK as well as the future of mobile services and white space devices; and
- the changes in the international background (described above) since the consultation on the draft annual plan was published

It is not clear simply looking at this question through the filter of Ofcom's spectrum duties will adequately take into account Ofcom's other duties, in particular those related to broadcasting in general and Public Sector Broadcasting and DTT in particular.

We note that Ofcom is planning to hold the 4G auction during the course of 2012/13 and is currently consulting on some aspects of that auction. We welcome this intention and encourage Ofcom to make sure that this does, in fact, take place. There are a range of services that require the use of this spectrum and the repeated delays are to the detriment of citizens and consumers in the UK

We further welcome the focus on the related spectrum clearance and the mitigation of co-existence issues. In particular it is crucial that the launch of 4G services do not mean that existing TV viewers are deprived of the DTT services that they expect to be able to receive.

Finally with respect to spectrum we note that Ofcom has not included the release of 872-876/917-921 MHz in its workplan for 2012-13. The risk of having to unwind or

amend any release in light of the outcomes of the ongoing work in Europe is high. When Europe has made its decisions we look forward to this band being released by Ofcom in future years. When those proposals are brought forward we would also urge Ofcom to consider whether it would be appropriate to hold a joint release of this band with the adjacent 2x2 MHz of spectrum held by the MoD.

### **Administered Incentive Pricing**

Arqiva notes that Ofcom's Draft Annual Plan for 2012/13 does not include any engagement with the broadcast industry regarding Ofcom's planned introduction of Administered Incentive Pricing (AIP) from late 2014 to the spectrum used for terrestrial broadcast television. While we continue to oppose the introduction of AIP for broadcasting services we are further concerned that delaying a consultation on this matter until 2013/14 will not make it possible for Ofcom and industry to engage in a robust and timely manner.

Ofcom's 2010 Strategic Review of Spectrum Pricing looked at over-arching principles and methodologies but did not make it possible to calculate a value for the AIP that would be charged. Assuming that Ofcom still plans to consult on the application of those principles and methodologies, our specific concerns are that delaying such a consultation until Ofcom's 2013/14 work programme:

- risks imposing a potentially significant cost burden on to the broadcast industry with only a few months warning of the quantum of costs involved;
- provides insufficient time for full industry engagement including limiting the ability for those affected to question and challenge the figures; and
- leaves Ofcom with little time to properly and thoroughly review the detailed representations that broadcasters, and others, are likely to make.

The consequence of delay is increased risk and uncertainty for all the stakeholders that are involved and an increased likelihood of challenge. Related to this we note our concern with Ofcom's intention to apply AIP charging to the spectrum to be used for Local TV services. AIP adds to an already challenging proposition.

In light of this we ask that Ofcom either engages with the broadcast industry on the validity of AIP and potential values during 2012/13 or delays the introduction of AIP in order that a meaningful review and debate can be undertaken between Ofcom and the affected broadcasters over a reasonable period of time.

### **Public policy**

The Coalition government have made a number of welcome announcements about initiatives to improve the UK's communications infrastructure, particularly in areas where the market is not likely to provide services without support from the public sector. Much of the funding associated with those announcements will require Ofcom to provide the authoritative data that is needed to ensure that the funding is used as effectively as possible.

For example it is likely that Ofcom will be looked at to provide the information around which areas should be covered by the £150m Mobile Infrastructure Project and provide the evidence to determine progress towards 100% coverage of the UK with broadband of at least 2 Mbps.

In light of this while we welcome the work that Ofcom intends to carry out looking at levels of coverage and competition in each nation we note that the differences between nations are relatively well quantified when compared to the urban/rural



divide. Ofcom should consider carrying out work to improve the evidence base that is available to government on differences in communications services for urban and rural consumers. This information will be critical to ensuring that the funding that is being provided by Government to deal with rural communications infrastructure is spent as efficiently and effectively as possible.

Finally we welcome the proposals that Ofcom has included in the January 2012 consultation on the 800 MHz and 2.6 GHz auction to help the government meet the objectives of the Mobile Infrastructure Project. However we believe that this can and should go further and that Ofcom should look over the course of the year at a wider range of activities that support the government's objectives in this area.